



FILED

5-19-16

04:59 PM

ATTACHMENT

A

Residential Rate Reform Draft Resolution Key Issues

Key Issues with Rate Reform Draft Resolution

1 “Competing goals” have already been fully vetted

2 Draft Resolution undermines the legislative intent of AB 327

3 SDG&E’s glidepath Advice Letter is consistent with Rate Reform Decision

4 Arbitrary reference point for rate change comparison

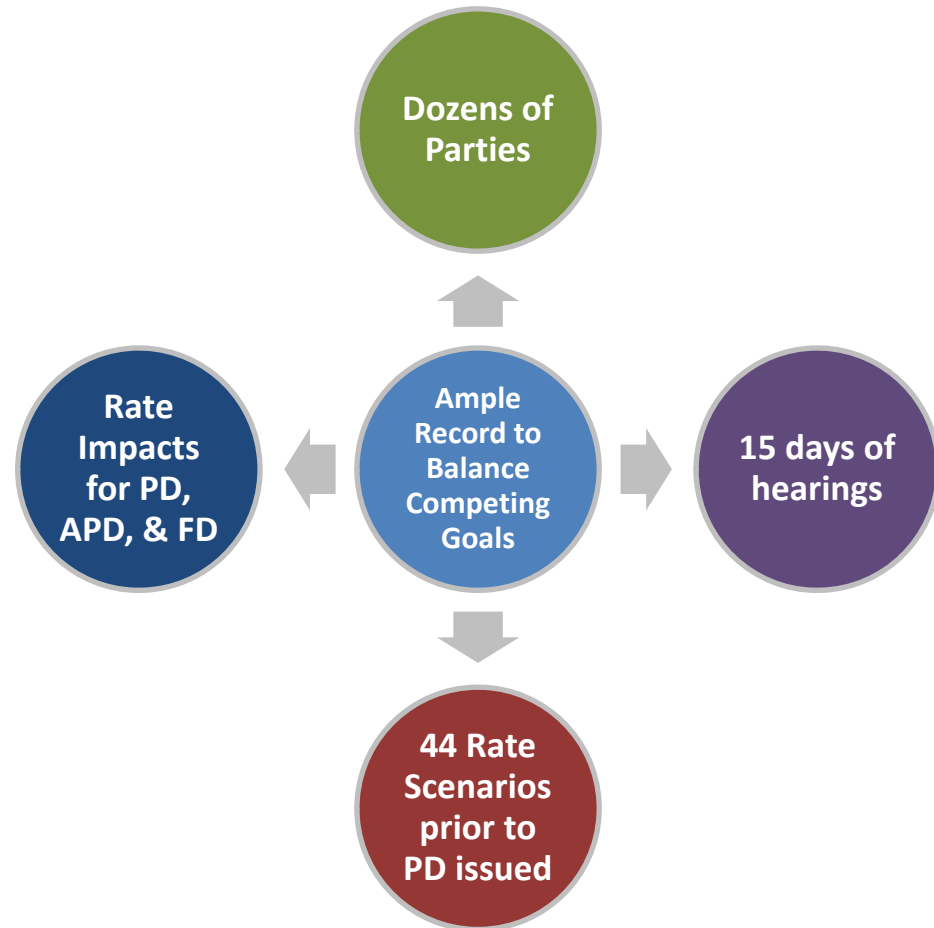
5 Additional CARE rules are inconsistent with Rate Reform Decision

6 No real solution for the long-run

Key Issue #1

1 “Competing goals” have already been fully vetted

- Draft Resolution fails to recognize that the inherent tension between collapsing tiers and rate impacts to lower-tier customers was a critical issue in the proceeding
- It cannot be concluded that the “competing goals” cited in the Draft Resolution were somehow not considered or addressed as part of the final Rate Reform Decision

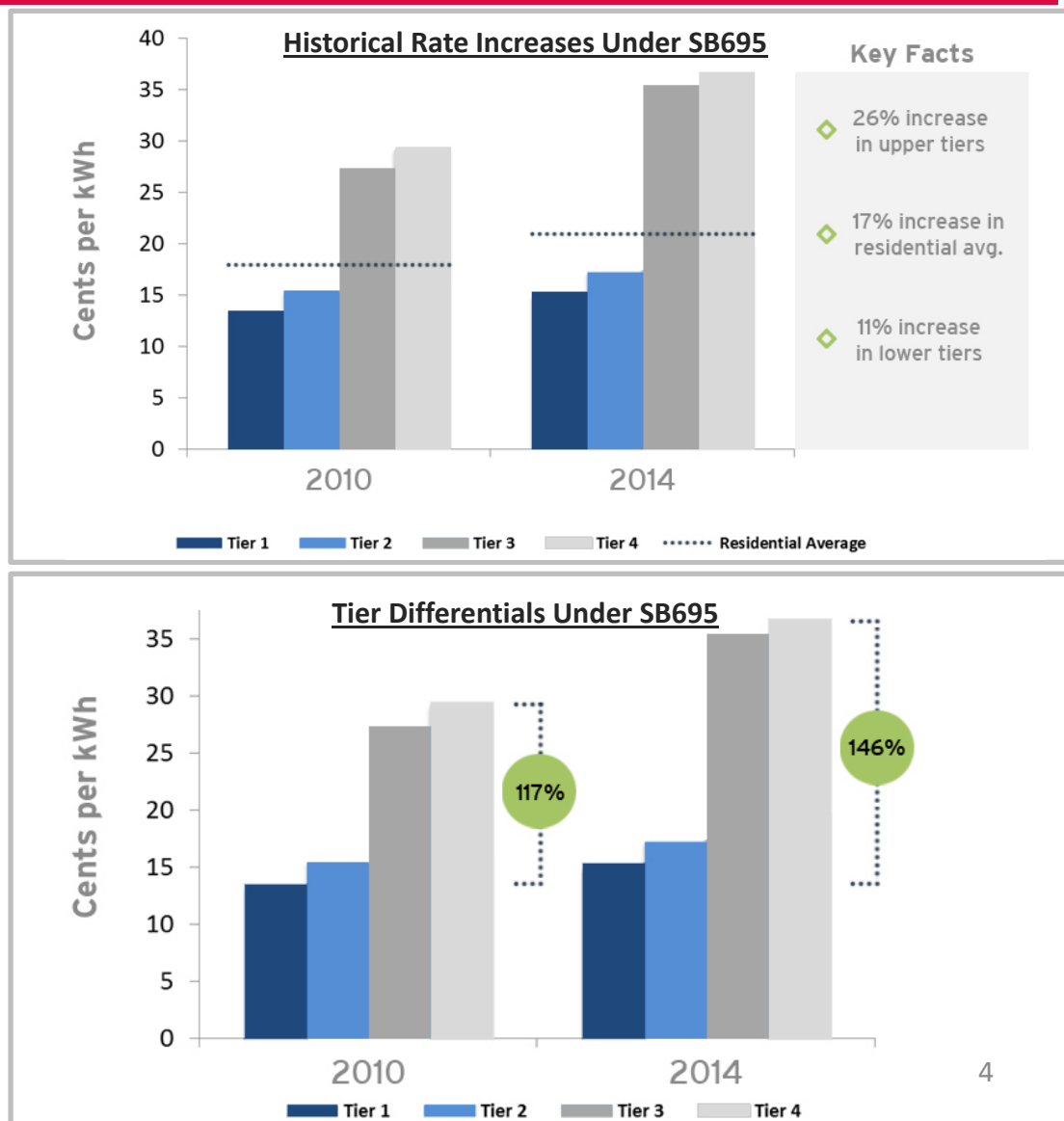


Key Issue #2

2

Draft Resolution undermines the legislative intent of AB 327

- AB 327 could not have intended to provide for a new 5% cap on increases to Tier 1 rates relative to the prior step in the glidepath
- Doing so would not result in any material change to the SB 695 legislative caps which AB327 was intended to eliminate



Key Issues #3

3 SDG&E's glidepath Advice Letter is consistent with Rate Reform Decision

- The rate impacts with SDG&E's 2016 glidepath submitted February 2016 are consistent with the impacts SDG&E provided July 2015 for the Final Decision
- These rate impacts were provided as a response to an ALJ request to ensure Parties and the Commission understood the impacts of the Rate Reform Decision

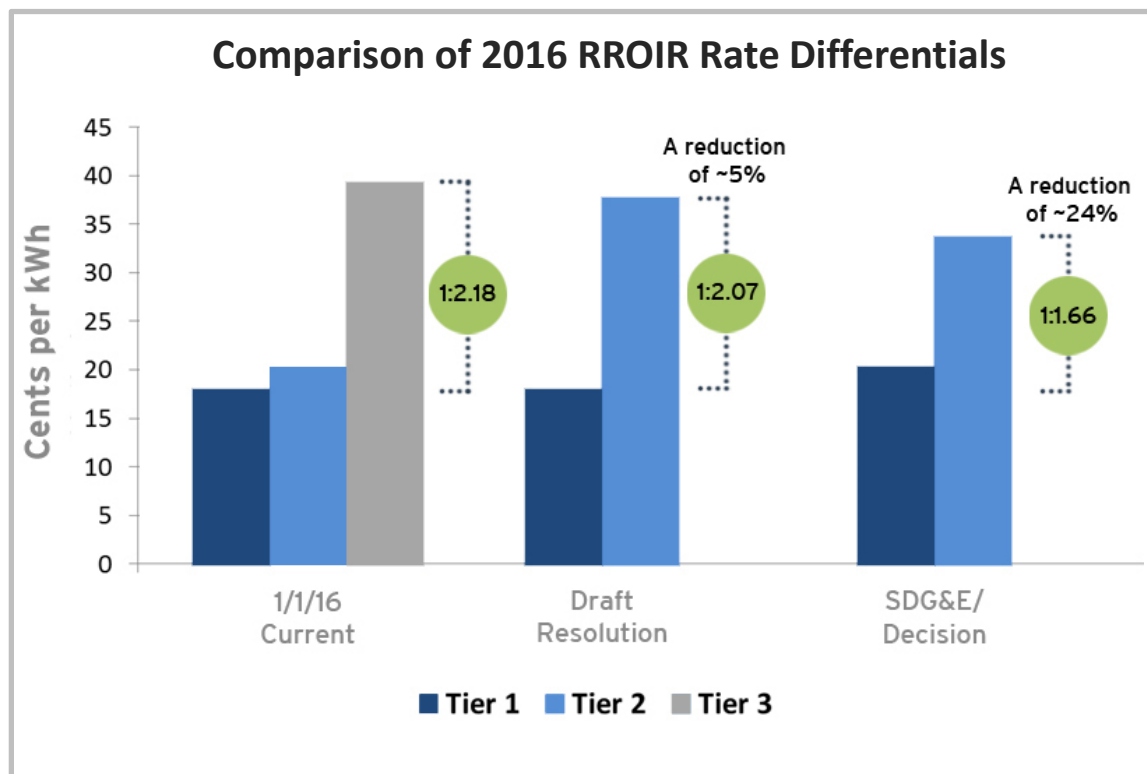
*In fact, the % change to Tier 1 rate for SDG&E's 2016 glidepath implementation is **lower** than the % change to Tier 1 rate previously provided to the Commission*

	February 29, 2016 April 1, 2016 Rate Change AL-2861-E			September 1, 2015 Glidepath AL-2784-E			July 9, 2015 Response to ALJ Ruling requesting Final Decision Rates (same as Glidepath AL-2784-E)		
	Effective 9/1/2015	Proposed 4/1/2016	% Difference	2015 w/ RROIR	2016 w/ RROIR	% Difference	2015 w/ RROIR	2016 w/ RROIR	% Difference
	Total Rate (¢/kWh)	Total Rate (¢/kWh)	(%)	Total Rate (¢/kWh)	Total Rate (¢/kWh)	(%)	Total Rate (¢/kWh)	Total Rate (¢/kWh)	(%)
Non-CARE									
Summer									
Tier 1	18.1	21.2	17%	18.1	22.1	22%	18.1	22.1	22%
Tier 2	20.5	21.2	3%	20.5	22.1	8%	20.5	22.1	8%
Tier 3	39.6	35.4	-11%	39.6	36.9	-7%	39.6	36.9	-7%
Tier 4	39.6	35.4	-11%	39.6	36.9	-7%	39.6	36.9	-7%
Winter									
Tier 1	16.5	19.2	17%	16.5	20.0	22%	16.5	20.0	22%
Tier 2	18.7	19.2	3%	18.7	20.0	7%	18.7	20.0	7%
Tier 3	36.1	32.2	-11%	36.1	33.3	-8%	36.1	33.3	-8%
Tier 4	36.1	32.2	-11%	36.1	33.3	-8%	36.1	33.3	-8%

Key Issue #4

4 Arbitrary Reference Point for Rate Change comparison

- Establishing 9/1/15 as the point of reference for applying constraints on Tier 1 rate changes:
 - Does not take into account currently effective rates and that SDG&E's rates have changed twice since then
 - Limits tier-consolidation to only one-fifth of what was adopted in D.15-07-001



Key Issue #5

5 Additional CARE rules are inconsistent with Rate Reform Decision

- The Draft Resolution imposes new restrictions on CARE rates that would result in an additional discount for upper tier CARE rates
- These additional restrictions are inconsistent with the Rate Reform Decision which approved SDG&E's proposal to implement CARE as a single line item discount

	Non-CARE Rate	Exemptions (CSI, DWR-BC, CARE Surcharge)	Effective CARE rate before line item discount	Adj for CARE Line Item Discount	Adj for Additional Rate Discount	Total CARE Effective Rates	Difference between CARE & Non-CARE after exemptions
	(¢/kWh)	(¢/kWh)	(¢/kWh)	(¢/kWh)	(¢/kWh)	(¢/kWh)	(%)
Draft Resolution							
Summer							
Tier 1	19.0	(1.4)	17.5	(5.9)	0.0	11.6	-34%
Tier 2	39.4	(1.4)	37.9	(12.8)	(1.0)	24.1	-36%
Winter							
Tier 1	17.4	(1.4)	16.0	(5.4)	0.0	10.6	-34%
Tier 2	36.1	(1.4)	34.7	(11.7)	(1.0)	22.0	-37%
Draft Resolution w/ SDG&E Authorized CARE Rate Treatment							
Summer							
Tier 1	19.0	(1.4)	17.5	(6.1)	0.0	11.4	-35%
Tier 2	39.1	(1.4)	37.7	(13.2)	0.0	24.5	-35%
Winter							
Tier 1	17.4	(1.4)	15.9	(5.6)	0.0	10.4	-35%
Tier 2	35.9	(1.4)	34.4	(12.0)	0.0	22.4	-35%



Key Issue #6

6

No real solution for the long-run

- The Draft Resolution applies only to 2016 rates & continues uncertainty with implementation going forward
- SDG&E recommends an Assigned Commissioner or ALJ Ruling to clarify :
 1. Capping of Tier 1 only applies in times of glidepath
 2. Reference point for capping rule is the current effective rates

	Current Rates (Effective 1/1/2016)	4/1/2016 Rates per AL 2861-E	Draft Resolution	SDG&E Recommendation for Resolution Alternative		
	Total Rate (¢/kWh)	Total Rate (¢/kWh)	Total Rate (¢/kWh)	Total Rate (¢/kWh)	Change from Current (¢/kWh)	Change from Current (%)
Non-CARE Summer						
Tier 1	18.6	21.2	19.0	19.6	0.9	5%
Tier 2	21.2	21.2	19.0	19.6	-1.6	-8%
Tier 3	40.9	35.4	39.4	38.2	-2.7	-7%
Tier 4	40.9	35.4	39.4	38.2	-2.7	-7%
Winter						
Tier 1	17.1	19.2	17.4	17.9	0.7	4%
Tier 2	19.5	19.2	17.4	17.9	-1.6	-8%
Tier 3	37.6	32.2	36.1	34.9	-2.7	-7%
Tier 4	37.6	32.2	36.1	34.9	-2.7	-7%
High/Low Tier Ratio	2.20	1.67	2.07	1.95		